



## Forbearance Plan



## Borrower



## Eligibility



## Plan Requirements



## Servicer Requirements



## Reporting

### Definition

A written agreement defining whether the Borrower may make either reduced or no monthly payments for a specified period of time

A Forbearance Plan may be the solution for a borrower experiencing an eligible hardship such as illness, unemployment, reduction in income and others.

This job aid is a summarization of detailed material found in the referenced Bulletins and the Guide. Please review Servicing Bulletins 2020-4, 6, 7, 10, and 2021-8 and Guide Chapter 9203 for more complete requirements. If you have any questions, please reach out to your Servicing Account Manager or 1-800-FREDDIE.

### Hardships

COVID-19—which could lead to other hardships such as those listed below:

- Unemployment
- Reduction in income
- Increase in housing expenses due hardship
- Long-term or permanent disability
- Divorce, legal separation, or separation of borrowers unrelated by marriage
- Death of a Borrower or a primary or secondary wage earner
- Distant employment transfer/relocation
- Other

### Forbearance extensions beyond 12 months

- Eligibility: Borrower enrolled in an active COVID-19 forbearance as of February 28, 2021, has reached 12 months cumulative forbearance and COVID-19 hardship persists
- Three-month extension with one or more extensions of no more than 3 months each provided the plan term does not exceed 18 months or delinquency does not exceed 18 months, whichever is shorter
  - Servicer must achieve full QRPC with the borrower prior to an extension.

### Borrower eligibility

- Delinquency
- Current or delinquent Hardship
  - COVID-19 impact Documentation
  - No Borrower Response Package required
  - Limited Quality Right Party Contact acceptable
    - Reason for Default
    - Ability and commitment to repay debt
    - Introduction of alternatives to foreclosure
  - If applicable law requires forbearance offer without QRPC, that is acceptable
- Property eligibility
- Primary residences, second homes, investment, vacant, or condemned properties
  - Ineligible: Abandoned

### Forbearance Plan terms

- Suspended payments or reduced payments
- P+I must be lower than contractual P+I
- Late charges
- No accrual during Forbearance Plan period
- Documenting terms
- Must be in writing
- Forbearance Plan terms
- 1-6 months and one or more extensions of 1-6 months - total forbearance terms not to exceed 12 months without qualification for extended forbearance (see below)
  - Cumulative plans may cause borrower's delinquency to exceed 12 months of the borrower's contractual monthly payment

### Servicer responsibilities

- Contact requirements
- At Servicer's discretion, various methods to contact Borrower to evaluate Borrower's eligibility or eligibility for extension
- Procedures
- Establish written policies and procedures to determine: borrower's hardship, whether to require a reduced payment, and Servicer's decision-making process
- Post-forbearance options to bring loan current
- Full / Partial reinstatement
  - Pay off loan
  - Repayment plan
  - COVID-19 Payment Deferral
  - Flex Modification
- Plan termination
- Failure to meet terms
  - Eligibility criteria not met
  - Resolved hardship
  - Termination request

### Servicer reporting

- Electronic Default Reporting (EDR) requirements
- EDR Code 09
  - Start date
  - Reason for default / Code 032 National Emergency Declaration
  - Report for every month the Forbearance Plan is in effect
- Credit bureau reporting in accordance with applicable law

- Number of permitted forbearance plans over life of loan
- No limit